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 FM AMEMBASSY TOKYO  
 TO RUEHIA/USIA WASHDC IMMEDIATE 8473  
 INFO RUEHC/SECSTATE WASHDC 0696  
 RUEHDC/USDOC WASHDC  
 RUEADWW/WHITE HOUSE WASHDC  
 RUEHUL/AMEMBASSY SEOUL 4595  
 RUMJNG/AMCONSUL HONG KONG 8388  
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USIA

CORRECTED COPY (TEXT)

ORIGINALLY PROCESSED AS CDS #9558930  
 USIA FOR EA, P/PFF P/FM; STATE FOR EAP/J; WHITE HOUSE  
 PLS PASS TO USTR

E.O. 12356: N/A  
 SUBJECT: SENATOR DANFORTH'S SPEECH AT THE FOREIGN  
 CORRESPONDENTS CLUB OF JAPAN ON JANUARY 13, 1986

TEXT OF SUBJECT SPEECH FOLLOWS:

- WHEN OUR PLANE ARRIVED IN TOKYO LAST FRIDAY, A T.V. REPORTER MET ME ON THE TARMAC AND TOLD ME THAT JAPANESE THINK I AM A SCARY PERSON. I SAID, "I HOPE I'M NOT TOO SCARY." IN FACT, IF THE PEOPLE OF JAPAN THINK I AM SCARY, THEY MISREAD BOTH WHAT I BELIEVE ABOUT OUR TWO COUNTRIES AND WHAT I TAKE TO BE THE CHANGING ATTITUDE OF THE AMERICAN PEOPLE ABOUT INTERNATIONAL TRADE.

- HERE IS WHAT I BELIEVE. I THINK THAT JAPAN IS A GREAT COUNTRY AND THAT THE BOND BETWEEN IT AND THE UNITED STATES IS ESSENTIAL TO THE STRENGTH AND PROSPERITY OF THE FREE WORLD. INDEED, I BELIEVE THAT THE BOND BETWEEN OUR TWO COUNTRIES IS ESSENTIAL TO THE PEACE AND STABILITY OF THE WORLD ITSELF. EACH OF US HERE TODAY, JAPANESE AND AMERICANS ALIKE, HAVE A DUTY TO BUILD A HEALTHY RELATIONSHIP BETWEEN OUR TWO COUNTRIES.

- THE FACT IS THAT A \$50 BILLION TRADE DEFICIT BETWEEN THE UNITED STATES AND JAPAN IS NOT HEALTHY. IT HAS IMMEDIATE AND ADVERSE ECONOMIC CONSEQUENCES ON THE AMERICAN PEOPLE, AND IT FOSTERS A RESENTMENT AND GROWING HOSTILITY THAT THREATENS POLITICAL CONSEQUENCES AS WELL. MY MESSAGE ON THIS VISIT HAS BEEN VERY SIMPLE. FOR THE GOOD OF EACH OF OUR COUNTRIES, AND FOR THE HEALTH OF THE RELATIONSHIP BETWEEN THEM, THAT \$50 BILLION DEFICIT MUST BE REDUCED SWIFTLY AND DRAMATICALLY.

- IN MY NINE YEARS IN THE UNITED STATES SENATE, I HAVE DEVOTED SIZABLE CHUNKS OF MY TIME AND ATTENTION TO THE

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QUESTION OF TRADE BETWEEN OUR TWO COUNTRIES. I HAVE GIVEN SPEECHES, HELD HEARINGS, INTRODUCED LEGISLATION -- EVEN PASSED LEGISLATION. I HAVE STUDIED THE POLICIES AND LISTENED TO THE PROMISES OF THE JAPANESE GOVERNMENT. I HAVE MET WITH DELEGATIONS OF JAPANESE OFFICIALS, AND I HAVE LED COMPARABLE DELEGATIONS TO JAPAN.

- THOSE EFFORTS HAVE BEEN MOSTLY TALK, AND THE RESULTS LIKEWISE HAVE BEEN MOSTLY TALK. I AM HERE TODAY TO WARN THAT TALK IS NOT ENOUGH AND THAT ACTION IS NEEDED. THE JAPAN OF 1986 IS NOT THE JAPAN OF 1946 OR EVEN 1966. NOT ONLY THE WAR YEARS BUT ALSO THE POSTWAR YEARS HAVE BEEN LEFT BEHIND. THE NEW JAPAN IS BEYOND THE RECOVERY -- IT HAS BECOME ONE OF THE GREAT ECONOMIC POWERS OF THE WORLD. IT IS TIME FOR JAPAN TO ACCEPT THE RESPONSIBILITIES AS WELL AS THE BENEFITS OF THAT POWER. IF IT DOES NOT, THE GREAT SYSTEM OF ECONOMIC COOPERATION ON WHICH OUR TRADING SYSTEM -- AND JAPAN'S ECONOMY -- IS BASED WILL BEGIN TO BREAK DOWN, TO THE GREAT DETRIMENT OF US ALL.

- I HARDLY NEED TO RECITE TO THIS GROUP THE FACTS OF THE JAPANESE RECOVERY -- THEY ARE WELL KNOWN TO ALL. THE FACTS OF THE "NEW JAPAN" TESTIFY TO ITS STATURE IN THE WORLD ECONOMY: GROWING AT THE RATE OF FOUR PERCENT A YEAR, JAPAN'S ECONOMY HAS CAPTURED TEN PERCENT OF THE WORLD'S GROSS NATIONAL PRODUCT. IN THE 1980S, JAPAN HAS KEPT ITS INFLATION LOW, AND ITS UNEMPLOYMENT HAS NEVER EXCEEDED THREE PERCENT; ITS CURRENT ACCOUNT SURPLUS HAS GROWN SEVENFOLD, FROM FIVE BILLION DOLLARS TO MORE THAN 35 BILLION, AND ITS TRADE SURPLUS IS NEARLY \$50 BILLION.

- NOW IT IS TIME FOR JAPAN TO COME TO GRIPS WITH ITS NEW ROLE IN THE WORLD AND ITS IMMENSE STAKE IN THE GLOBAL TRADING SYSTEM. FOR ITS OWN SAKE AS WELL AS THAT OF ITS TRADING PARTNERS, IT MUST MAKE NEW COMMITMENTS TO ENSURE THE HEALTH AND FUTURE OF THAT SYSTEM.

- WHAT SETS JAPAN APART IS THIS: NO OTHER NATION CONTRIBUTES SO LITTLE TO THE OPEN TRADING SYSTEM OF THE WORLD, IN PROPORTION TO WHAT IT GAINS.

- RATHER THAN ENCOURAGE DOMESTIC CONSUMPTION, JAPAN HAS SYSTEMATICALLY RELIED ON EXPORTS FOR GROWTH -- BY BUILDING PRODUCTION CAPACITY THAT IT CANNOT ABSORB IN ITS  
END OF MESSAGE UNCLASSIFIED

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